

**MINUTES OF MEETING
BRIGHTON LAKES
COMMUNITY DEVELOPMENT DISTRICT**

A budget workshop of the Board of Supervisors of the Brighton Lakes Community Development District was held Thursday, June 18, 2009, at 6:00 p.m. at Brighton Lakes Clubhouse, 4250 Brighton Lakes Boulevard, Kissimmee, Florida.

Present were:

Michelle Incandela	Chairman
Tom Mihalic	Vice Chairman
Jennifer Palmer	Supervisor
John McGrath	Supervisor
Dolores Pieters	Supervisor

Also present were:

Gary Moyer	District Manager
Gerry Frawley	District Staff
Residents and members of the public	

This represents the context and summary of the meeting.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Moyer called the meeting to order at 6:15 P.M.

Mr. Moyer called the roll, indicating a quorum was present for the meeting.

SECOND ORDER OF BUSINESS

Discussion of Fiscal Year 2010 Proposed Budget

Mr. Moyer stated we introduced this budget to the Board at the last meeting and had some good discussion about adding a Reserve Fund. The materials provided to the Board include a Reserve Fund of \$75,000. There is a chart in the budget before the narrative showing what the percent increase is when added together with the principal and interest on the bonds over the 2009 levy. As you can see, it is between 5% and 7% in the aggregate. As I mentioned to Mr. Mihalic before the meeting, we can go through this budget line item by line item, but the line items are similar to what they were last year or what we have contracts for. We were fortunate to get a good contract on the landscaping, which saved us some money and were it not for the reserves; the District would be able to levy the same amount as last year with no increase and not

have to go into our reserves any further. Last year when we went through the budget, we decided to allocate \$60,000 out of reserves so we did not have to raise assessments. That is not the case this year. This depends in large part on what you want to do with adding funds to the reserves.

Mr. McGrath stated this is one of the larger items. I have quite a few items to discuss. First of all, we are spending \$100,000 on security. That may not be a bad way to reduce the budget. One community is broke and more communities are closer to being broke. We polled the residents last fall about making changes. I do not even think we received more than a 10% response. We should have a six month deal, get out of the security business and find out if it makes a difference. If it makes a difference, then you go back to having security.

Mr. Mihalic stated I think it does make a difference. We have far less crime here than most other places. I am in favor of decreasing the budget because I am totally against raising assessments. But, I do not think security should be cut.

Ms. Palmer stated I agree. We have a reputation in this community by having a security guard present. The situation the other day was the exception because Mr. Frawley sends us information all of the time about crimes taking place in the area. We had someone across the street, a known sex offender prowling a neighborhood he did not belong in. That scares me as a mother. Knowing you have to come through a gate at some point even though this occurred in the daytime, there is a certain security presence. If we wanted to look at decreasing the amount we have to increase, we can look at the security hours, but to eliminate security even for six months could cause damage lasting years to repair.

Ms. Incandela stated we gave everyone the opportunity when we were considering what to do with our security system to come to a meeting. The residents of the community came to our meeting and said they did not want this and even if it was something the Board members wanted, we would have followed the communities' wishes. I do not think that was the indication in the community, but you want to deal with the reserve first.

Mr. Moyer stated it is totally up to the Board. That is your big ticket item that you need to wrestle with.

Mr. Mihalic asked will everything else remain the same?

Ms. Palmer responded unless we make changes to it.

Ms. Incandela stated Mr. Frawley and Mr. Mihalic have said “We need to make repairs now to this section of the road.” If we do not make a concession for the reserves at this point in time, when it comes time to do any of those repairs, we are going to be in trouble. It is going to be a bad situation so we have to account for some of that and be fiscally responsible. We have an obligation to this community to make sure we keep the roads not only in good condition now, but in good condition for the future. We are responsible for the future of this community and the decisions we make now impact that future. To operate without a reserve, puts us in a difficult position.

Mr. McGrath stated it is never a good time.

Mr. Mihalic stated I think this is absolutely the wrong time. There are too many people out of work and struggling just to feed their kids. We just saved them \$100 one year ago and they will have the attitude “You giveth and now you taketh away.” Because the economy is not getting any better and no one is getting hired for jobs, it is still a bad year. Next year, we absolutely have to do something because we would have waited two years, but this year is the wrong time. You are a single mother with kids.

Ms. Palmer stated you are right.

Mr. Mihalic stated if someone all of a sudden hits you with an amount that knocks you down to the point where you could not do something, you would be complaining too. Granted, you could get by, but there are a lot of people who cannot get by.

Ms. Palmer stated first of all, that is an unfair statement because you have no idea about my financial situation. My financial situation does not make this easy for me to do, but I also have a responsibility to keep the investment I made for my children’s future in good standing. As far as the economy, there is never a good time. Some Economists are saying there is going to be another round of foreclosures coming through and others are saying that the stock market is going to hit 9,000 at the end of this year and then plummet down to 2,000 the first of the year like the Great Depression. The Economists are also saying that the economy is not going to get better until 2015. Every year there is going to be a reason why we cannot do this. They are even saying once the economy starts turning from a recession back into growth, the job market will not recover until at least a year after that. Through next year, you are talking about continuing to have a rise in unemployment. At what point do we say “We have to take a look at this?” Maybe we need to look at cutting down the mowing or the number of times we prune the palm trees or

the security hours by three hours and only have security from 9:00 p.m. until 4:30 a.m. But to sit here and say we cannot do anything this year, there is never a good time.

Ms. Incandela stated in all fairness, we are also giving people an opportunity by sending them a notice saying “This may have an effect on your tax bill and if you have anything to say about it, let us know.” I do not see anyone coming forward and saying “Hey, I am losing my house.”

Mr. Mihalic stated we have not sent the letter out yet.

Ms. Palmer stated when that letter goes out, if there is a huge response, I would be surprised. I bet you that there is not going to be a huge response.

Mr. Mihalic stated if we do not have that response, then I will change my mind.

Ms. Palmer stated you do not have to change your mind. I do not want you to change your mind.

Ms. Incandela stated I agree.

Ms. Palmer stated we work well together because there is balance and a difference of opinions. With the amount that we are raising the assessment, the financial times are hard and will continue to be hard, but the majority of residents are not going to be harmed by our raising the assessments. For the good of the community, we have to consider the fact that it is going to do more long term good than long term harm. It is also my goal to do this as a representative of the community. You may not think that this year would not have an effect, but the money that we raise this year will put us in a position where we might not be where VillaSol is next year. That one year can make a crucial difference. To say there are a few people in a bad situation, there may be more than a few, but I still think the majority of people are what we have to consider here. Do we need to vote on the increase in reserves?

Mr. Moyer responded this is a workshop. At the last meeting, you approved the budget with the \$75,000 increase and authorized me to reserve a room in the library for the July 23 meeting. We will send out written notices to everyone in Brighton Lakes indicating that we propose to increase their assessment.

Ms. Palmer stated we do not have to do the increase, but if we chose to we are covered.

Mr. Moyer stated correct.

Ms. Palmer stated I know Mr. Mihalic is opposed to it.

Mr. Mihalic stated if no one shows up or everyone says, “No” then I am all for it. I would be surprised if no one shows up.

Mr. Moyer stated there is no action you need to take tonight.

Ms. Palmer asked can we look at different scenarios? For example, let’s say that Mr. Mihalic is right and we have 150 residents at the next meeting saying “You are not going to raise my assessment.” Can we have options available to show why we are raising assessments and what we could do to minimize the increase by cutting back the security guard hours?

Ms. Incandela responded I think that is the only option. We need to show them the consequences if we do not raise assessments because it is our responsibility to do so, with the pending issues we have concerning the repair of the roads and the equipment. These are the things that are going to happen and follow through with. We need to show the options as well as the consequences.

Ms. Palmer stated another large expenditure we have in the budget for next year is maintenance of the gates. Are the majority of the issues at the main gate? If so, we may need to install cameras. I am just trying to determine where the majority of the costs are and how we can decrease them.

Ms. Fuentes stated for the past six months, we have had a lot of repairs on Volta and Cariba constantly.

Ms. Incandela asked did we ever write letters to the residents informing them about the cost for maintenance of the gates in their communities?

Mr. Moyer responded no. The Board never chose to pursue that.

Ms. Incandela stated that might be something we can consider at this point.

Mr. Mihalic stated if you were them, my guess is you are going to lower their assessment at some point.

Ms. Palmer stated we have to.

Mr. Mihalic stated if I lived there and received a letter, I would want to reduce it by \$100.

Mr. McGrath stated we have overlooked one thing. A couple of months ago, we talked about moving the gatehouse to a larger one. There is a gated community to the north that has a gatehouse that is a fourth of the size of the one here that handles all of the gates in one location. We could move the gate toward Quincy and eliminate four of our six gates and have spare parts when they break.

Ms. Incandela stated we discussed having one structure to run the lines for the cameras and computers. It would be the center of not only the electronic gates, but the hub of the electronics as well. I also do not know the clearance to the roadway. Even for a basic structure, we were able to tell that the amount to move the basic structure was not something we could consider at that time. I was talking about having a basic structure. What we felt we would be gaining as opposed to what we would be giving up and the additional cost was something that we did not do for a cost reason. It was huge and something we did not even consider in the estimates.

Mr. McGrath stated for *'Miscellaneous Services*, we are going to be spending \$27,840 this year versus the \$4,000 we spent last year. You have to project based on what you are getting for bills for the gates and the repairs. It has gone up seven times this year. That \$27,840 would be enough for a small guard shack.

Mr. Mihalic stated you do not have to move all of the electronics because no one said to tear down the current one. All we are saying is to build a smaller one.

Ms. Incandela stated we need the wiring to open everything.

Mr. Mihalic stated all of the wires for the gates and cameras can go to this guardhouse.

Ms. Incandela stated that does not make any sense because now you are maintaining two buildings and you need to have that building manned because that is where all of your cameras are. Now you need someone there to monitor the gates.

Mr. McGrath stated but you do not need those cameras.

Ms. Incandela stated you need to monitor the ones for the clubhouse. All of them are fed into the guardhouse.

Mr. McGrath stated it does not have to be manned. Just take those cameras and monitors and put them into the building you are in.

Ms. Palmer stated if I thought for \$27,840 I could have all of the gates moved, the wiring done and the guardhouse built, I would be interested in looking into it, but I do not think there is any way that you are going to get it done for this amount. The building structure has to withstand hurricane force winds.

Mr. McGrath stated it is not going to have the impression of the edifice that we had, but it is a great start. If you pay for it, it can be done. The reason it makes sense is because it makes everything we built into it, redundant. If you have a single guard at the main entrance, you do

not need gates. If we decide to do that, then we are going to spend more money. It is not going to help the budget.

Ms. Palmer stated I do not think you can do it for \$27,840.

Mr. McGrath asked what do you think we can do it for?

Ms. Palmer responded I think you are talking about \$50,000 to \$60,000.

Mr. McGrath stated I do not think we need to move everything to the new guard shack. All they need to have are the lights.

Ms. Palmer stated you are not moving the cameras. You are leaving them and they are taping, but there is no one around to see it.

Mr. Mihalic asked when you have a guard on duty all night long standing in the door waving at everyone, how much monitoring is he actually doing with those cameras? Zero. He is not watching the cameras.

Mr. McGrath stated when the guard is here, these facilities are closed.

Ms. Palmer stated the guard is here at 6:00 p.m.

Mr. McGrath stated the vast majority of time the guard is there, these facilities are closed.

Ms. Incandela stated a conservative estimate is \$75,000 and we would still have maintenance issues. I do not see how we can justify spending \$75,000 at this time.

Mr. McGrath stated keep in mind, we are just throwing out numbers. Last fall, Mr. Smith did a study, which cost us thousands of dollars. He told us what such a building would cost.

Ms. Incandela stated he estimated \$120,000.

Mr. McGrath stated that is not what I recall. I can go back and find this information. At least this is an amount we can talk about.

Mr. Moyer stated part of the problem with moving the gatehouse is even if you eliminate all of the things you are talking about, you still have to put in a toilet. That entails plumbing.

Mr. McGrath stated as well as electric. Those are expenses.

Mr. Moyer stated I do not think you can get that done for \$27,840.

Ms. Palmer stated at the hotel, I moved plumbing from one side of the room to the other and it cost thousands of dollars.

Mr. McGrath stated I would like for Ms. Fuentes to find out this amount for us.

Ms. Palmer stated we are questioning whether to put \$75,000 into the reserves, but we are going to spend an extra \$50,000 to move the guardhouse.

Mr. McGrath stated if you put two gates in the new location, one bar code reader and three cameras, you would gain six cameras, eight gates and two bar code readers.

Mr. Mihalic stated that is the whole point.

Ms. Incandela stated your biggest argument with me is that this is not the time to increase assessments or spend this kind of money, but you are willing to spend it.

Mr. Mihalic stated I am saying we need to look at doing something and this is one of the things that should be looked at. If we can save some money by doing something like this, we should do it, because we are throwing our money away on these cameras and gates. The idea that the guard is monitoring something is absolutely false. He is not looking at those cameras. The only time he looks at a monitor is when he lets someone into Volta or Cariba. The rest of the time he is standing at the doorway or listening to the radio. There is no direction for him to sit there and watch the monitors.

Ms. Palmer stated we should think about not having them. You said yourself that they cannot pay the assessment right now.

Ms. Incandela stated I am not saying this is something the Board should do, but I am saying that they may as a group of homeowners feel it is important because the gates are always broken or there is no security or they may say "I want it because I am paying for it," but at least we give them the option. Maybe they will say "I would rather have \$100 in my pocket than the gate." I cannot speak for them. I just want to know their input.

Mr. Mihalic stated I understand. We talked about moving everything. Since there is no one watching the monitors, the critical part is that everything is being recorded so if something happens we can go back to the recording. If you left the cameras in the big house, you could eliminate the Volta and Cariba gates and cameras. The camera feed from the new location only has to go to the shack. It does not have to go anyplace else. Then you would eliminate six extra cameras, eight extra gates and two extra bar code readers. At that point all you need to do is to put in a shack with a bathroom and a monitor so he can see only the cameras around where he is.

Mr. McGrath stated it works even more effectively from a "security" aspect.

Mr. Mihalic stated we can even take all of the cameras out of the current shack, bring them here and then all you would need is a recorder for the cameras here. No one is looking at them.

Mr. McGrath stated we are only talking about spending \$27,840 this year, but we could be talking about spending \$280,000 in 10 years, if we stay where we are now.

Mr. Mihalic stated everything is getting older.

Mr. McGrath stated this is a major change, but that is a lot of money that I would not mind spending if we were getting a value from it. However, every time I drive out, one gate is up and the other is down. I constantly see the repair guy here.

Ms. Palmer stated we definitely have some issues that we need to work on.

Mr. Mihalic stated it jumped from \$4,000 last year to \$27,840 this year.

Ms. Incandela stated I do not think we spent \$4,000. The budget was \$4,000. What is the major change between 2008 and 2009? What caused the equipment to break all of a sudden?

Ms. Fuentes responded lighting hit the Volta gate, but we were reimbursed.

Ms. Incandela asked does the \$27,840 include the reimbursement?

Mr. Moyer responded yes. All of the monies we spend are accounted for in this budget. Through May we spent \$16,477 on the gate, but we were reimbursed \$15,606 under '*Miscellaneous Expenses*'. Based on history, we anticipate spending \$8,239 from May to September. We may or may not spend \$8,239.

Ms. Incandela stated some of what we spend may actually be items we may be able to receive reimbursement for because it would not be due to a failure that could not be covered under insurance. In the budget it is just reflected as a cost.

Mr. Moyer stated correct.

Ms. Palmer stated so we actually spent \$31,000 so far.

Mr. Moyer stated no, you spent \$16,477.

Ms. Palmer stated we were reimbursed for \$12,000. Was it credited?

Mr. Moyer responded no. It is shown as '*Other Revenue*'.

Ms. Palmer so we only spent \$4,000 this year. That cannot be right.

Mr. Moyer stated that is the way it has to be accounted for. They would not net insurance proceeds.

Ms. Palmer stated under '*Miscellaneous Services*' for the gatehouse, we spent \$16,477, but that does not include the \$12,000 we were reimbursed, so in actuality we only spent \$4,000. The projected amount is actually higher because a larger amount was covered under insurance.

You are not looking at spending \$27,840 for next year and can probably cut this item by \$12,000 because of the reimbursement.

Mr. Moyer stated I agree.

Ms. Incandela stated this had troubled us before because I recall when this issue first came about we thought the cost was much higher.

Mr. Moyer stated keep in mind when we were talking about that, we did not know we were going to get reimbursed. Ms. Maria Fuentes and Mr. Brian Smith did a wonderful job getting the insurance reimbursement. We were very fortunate to get insurance.

Ms. Incandela stated we were under the impression that the costs were a lot higher than what they were and that prompted us to do our security review. It turned out when we had clarification, we were more comfortable with the numbers.

Mr. Mihalic stated if we save \$12,000, we are down to \$63,000. Then we can get to our \$75,000 and not have to raise rates.

Mr. Moyer stated that is the way we need to do it. We have '*R&M-Reserves*' under the Field Expenditures that we budgeted \$12,000 for in addition to '*Reserve Replacement of Capital Infrastructure*'.

Mr. McGrath stated that is part of the \$75,000.

Mr. Mihalic stated now we are down to \$51,000.

Ms. Incandela stated my position is that we need to go into those reserves, but if we can figure out other ways to save ourselves some money along the way, I am all for it. I do not think we can say we are saving money so we do not need to use our reserves, although I want to see places where we can cut back.

Mr. Mihalic stated I have not said to not go into the reserves, but I said do not raise assessments. That is what I said all along.

Mr. Moyer stated if the '*R&M-Reserves*' are used and someone runs over a tree and we do not get reimbursed by our Insurance Company, the Board may be forced to say "Sorry, we are not going to replace the tree this year because we do not have the money."

Ms. Fuentes stated the Board wanted to budget the gym equipment.

Ms. Mihalic asked is there any way we can lease the equipment and have the equipment maintained under the lease so we do not have to own it?

Mr. Moyer responded you can do a capital lease.

Ms. Palmer stated we had discussed that the cost of the lease was as much as the purchase for new gym equipment. Mr. Frawley questioned why we could not purchase personal equipment rather than the commercial machines. It is not the quality of the machine. It was explained to me by the guy who does the repair that it has nothing to do with the quality of the machine. There are some personal machines that are of higher quality than the commercial ones. What raises the cost are the warranties. When you purchase a commercial machine, you have to purchase a commercial warranty. If you purchase a personal machine and you call for repair, if they find out it is for commercial use, they will not repair it. How many machines do we have down or in need of replacement?

Ms. Fuentes responded right now everything should be working. However, one bicycle is almost ready to go.

Ms. Palmer asked is the price to replace the bicycle \$1,500 to \$2,000?

Ms. Fuentes responded I feel comfortable saying \$1,200. We can negotiate with them.

Ms. Palmer stated I agree with Mr. Mihalic that this is not the year to be doing huge expenditures, but I feel comfortable replacing one bicycle for \$1,200.

Ms. Incandela stated this recession could last another eight months or be over in two weeks. I think we should allow staff to replace one piece of equipment or two if necessary and make sure we have enough budgeted for repairs.

Mr. Moyer stated in 2009 we only budgeted \$3,100 for clubhouse repairs. This year we are proposing \$10,500. I think we probably have enough funds.

Ms. Palmer asked what was the \$6,000 we spent this year for? Was it a big ticket item?

Mr. Moyer responded we replaced the carpet.

Mr. Mihalic stated we should not have to replace the carpet next year.

Ms. Palmer stated I hope not.

Ms. Incandela stated at the last meeting, I asked Mr. Smith to check into costs for inexpensive tile.

Ms. Palmer stated what is cheap and works well is the peel and stick tile. We use it in the hotel and it looks just like real tile.

Ms. Incandela asked is it more expensive than real tile?

Ms. Palmer responded it is cheaper.

Ms. Incandela stated either one is an option. As long as it is affordable.

Ms. Palmer stated it is fairly durable. I have been using it in the maintenance and housekeeping offices where there is a large traffic area. If something spills on it, it does not chip or crack.

Mr. McGrath stated your exercise equipment only affects 200 homes and this increase is going to affect everyone.

Ms. Incandela stated I think with the \$10,000 budgeted, we are fine for what we need to repair and put into place.

Mr. Moyer stated you are not going to be able to spend \$50,000 to purchase the new equipment we discussed last year.

Mr. Palmer stated I agree.

Mr. Mihalic asked how much did we spend on repairs?

Mr. Moyer responded \$6,100.

Ms. Fuentes stated the pedal was broken and had to be repaired.

Ms. Palmer stated we should be okay if we have to replace something. I say we not do anything until we absolutely have to.

Mr. Moyer stated the \$6,100 would not include the carpet because these financials were probably done before it was invoiced.

Mr. Mihalic stated if we agree to not take our Supervisor's Fees that would cut out \$6,000.

Ms. Palmer stated I would be in favor of a decrease before cutting them out altogether.

Mr. McGrath stated I would not be happy doing that.

Mr. Mihalic stated I would not be happy either, but I think that is where we should make cuts.

Mr. McGrath stated it definitely is. We are doing the work for the 750 homeowners just as Severn Trent is and everyone else. There is more than my opinion at stake and this is something we have to look at and decide whether we want to do.

Mr. Moyer stated we will circle that as a possibility. We have \$8,000 budgeted for engineering and this could be decreased.

Ms. Palmer asked what are we going to use the Engineer for next year?

Mr. Moyer responded we do not have to use the Engineer next year.

Ms. Palmer stated unless we are moving the guardhouse, I do not see us having a need for an Engineer.

Mr. Mihalic stated the place is established.

Mr. Moyer stated we handled the drainage issue that we were concerned about as well as the study on the guardhouse. We can decrease this line item to \$1,500.

Ms. Palmer stated I agree.

Mr. Mihalic stated that will save us \$7,000 and bring us down to \$54,000.

Ms. Palmer stated I thought we received \$20,000 for the bathrooms.

Mr. Mihalic stated we have \$12,000 from reserves under field and \$12,000 from the gatehouse, for a total of \$24,000.

Ms. Palmer stated \$6,500 from engineering for a total of \$30,000. Out of the \$75,000, we need \$45,000. Right?

Mr. Mihalic responded yes. We still have our reserves.

Mr. Moyer stated we have contingencies.

Ms. Palmer asked if we need \$45,000, what are you looking at as an increase?

Mr. Moyer responded well, instead of \$100, we would ask for \$60 or 60%, which is \$45,000.

Ms. Incandela stated I think we need to have this increase.

Ms. Palmer asked would you put the remaining monies into reserves?

Ms. Incandela responded no. I am trying to come to a compromise with Mr. Mihalic. What I am concerned about is we are going to get hit with expenses next year that we did not foresee this year. Every year this District is getting older and every year things are going to go wrong and with all of the renters we have in this community who care about their properties, there are going to be issues that were not anticipated from year's past. I do not think \$100 is something we can get away from or should get away from. I think we should look to save in other areas and build up our reserves because I think we are going to need this one way or another, whether it is the moving of the guardhouse or other capital costs.

Mr. Mihalic stated we are not saying that we are not going to have reserves. All we are saying is we have now saved \$45,000 from other areas that will help cover \$45,000 out of the \$75,000 of the reserves. If we can come up with another \$30,000, we can have our reserves and be fine.

Ms. Palmer asked why were legal services so high last year?

Mr. Moyer responded this amount was in the contract.

Ms. Incandela stated I still think there are going to be ancillary expenses that are not going to be anticipated and that is what I am concerned about. I think we should retain as much money as we can.

Mr. Moyer stated I have to look at their contract and I would be happy to do that. I think their contract provides for a fixed fee plus miscellaneous expenses. Perhaps we can renegotiate this.

Ms. Palmer stated we do not have much leverage with Mr. Crumbaker. He did not want to be here to begin with if you recall, as we had a difficult time finding another law firm who wanted to represent us.

Ms. Incandela stated the way they are seeing the District operate and the type of work they have to do legally, I think they would be more inclined to negotiate with us. This was not a complicated District. It was easy in terms of the legal work they had to perform.

Mr. Moyer stated one of the things we could do is to renegotiate the contract and have Mr. Crumbaker attend meetings on an as needed basis, but they are not going to be as responsive. I can handle most of the procedural issues.

Ms. Palmer stated Mr. Moyer wrote Chapter 190.

Mr. Moyer stated if someone asks for a legal opinion, you are going to have to tell them that you will have to get them the opinion from the Attorney.

Ms. Incandela stated I am okay with that.

Ms. Palmer stated we can cut out a good portion of our budget. We are looking at budgeting \$32,000 for legal services. How many times did we need anything from the Attorney this year?

Mr. McGrath responded half a dozen times. That was a convenience to get the answer right then and there.

Ms. Palmer asked if we needed him, could we call him? That way we are not paying for him to sit for two hours.

Ms. Incandela responded he may have a higher rate to use him on a case by case basis.

Mr. Moyer stated if we use him on an as needed basis, then it becomes a management issue and we have control. If most of his services are on a fixed fee deal, which I know the law

firm typically does, then you have to pay the fixed fee. I think it is worth trying to reduce the fee.

Ms. Palmer stated I say we try because we are at the phase where we do not use him as much.

Mr. Moyer stated we are not doing any title work. Mr. Crumbaker did do a lot of work with us on the Engineered Homes deal.

Mr. Mihalic stated we are three months out of that now. Do you think we can reduce this line item by \$10,000?

Mr. Moyer responded I would reduce it by \$10,000.

Ms. Palmer asked what is '*Miscellaneous Assessment Collection Fee*'?

Mr. Moyer responded this is under the Administrative Budget. The \$15,988 is 2% of \$761,000.

Mr. Mihalic asked is this the Trustee Fee?

Mr. Moyer responded no. This is what we pay the Tax Collector. This is a good value for the money. We will reduce legal to \$10,000.

Ms. Palmer stated this is where I am going to stop my adjustments because no matter what, we still have to increase some line items. If we can come back to the homeowners at the next meeting and say "We have done everything we can to trim the budget, but we need to have some cushion and we were originally looking at increasing assessments by \$100 because we need to set aside reserves, but we have been able to renegotiate some items and have been able to cut this amount by two-thirds." We told them all along there was going to be an increase and have done everything we can to work the numbers, but at a certain point there is no way that you can not increase assessments.

Mr. Mihalic stated right now, we have been talking about a \$75,000 increase. Now we are down to \$20,000.

Ms. Palmer stated we are down to \$35,000.

Mr. Mihalic stated we just saved \$10,000.

Ms. Palmer stated we cut out \$40,000.

Mr. Mihalic stated we cut out almost half so we are down to an assessment of \$50 per year.

Ms. Palmer stated I say we have the assessment increase at \$65 and give ourselves some cushion and if the residents get angry we can say, "We can still make some cuts, but this is it," because otherwise you are going to affect their lifestyle.

Ms. Incandela stated I suggest that we present to the residents an assessment increase of \$100 and see what response we get from them before we decide to go further. We can adjust the budget based on if there is a huge negative response from the community. If there is no response, then we are okay. I think our reserves should be as high as we can possibly make them because we are playing catch up. I would be more comfortable saying "What is the worst that can happen if we have a large reserve at the end of the year?"

Ms. Palmer stated maybe we can present it to the residents to see what the response is, but if you present it to them with the \$107 assessment increase, it is less than \$10 per month. If you present it to them as a monthly increase versus an annual increase, it lessens the blow.

Ms. Incandela stated I do not think going from \$100 to \$65 or \$100 to \$50 is going to make a difference. The fact is we are raising assessments; it is going to hurt the residents. The fact is everything costs money these days and I do not think that is going to make a huge difference to that person. If \$100 is going to break them, then \$50 is going to break them. You are talking about just a few dollars per month. I am still of the opinion, with the numbers we are talking about we still should maintain the \$100 increase and make those reserves as high as we can and possibly make them to pad ourselves for the dire situation that we know financially we are going to face in next year as things get worse and worse.

Mr. Mihalic stated we talked about having \$45,000 in savings just on a few items and I think it will be a disservice to the community if we decrease our level of service.

Ms. Palmer stated Ms. Incandela is saying to bring those items down and increase reserves.

Mr. Mihalic stated we were all shooting for a \$75,000 increase in reserves. Now all of a sudden we are saying it is going to be \$85,000, \$90,000 or \$100,000. I do not think it is right that we are raising it so much.

Ms. Incandela stated the reason why I am thinking this is because you have to look at this in terms of projections for future years. I am not looking at it as just this year. I am looking at this in terms of every dime or dollar as every increase in our development this year is going to carry over to future years. I do not think it is unreasonable to present to the homeowners the fact

that I am going to try as a Board member to save them every dime that I can save in the budget to make the reserves as big as I can make them without causing distress to the community. If I was saying I wanted to increase reserves over the \$75,000 and add an additional \$50 per month to the assessment, fine, but I am not saying that. We knew all along and for years that we were going to have to raise assessments. We need to plan for what is coming ahead. I am concerned about what is happening in nearby communities and the most we can possibly do in terms of savings and increasing the reserves and raising the assessments is going to put us in a much more stable position in years to come for relatively little of what we are asking from the community. This is an aggressive Board who has done terrific things just in terms of saving money on our phone bills. I hope we do more of that this year. I am telling you that we are going to get hurt by unanticipated costs such as roads, maintenance, gatehouse, guards, cameras and I do not think the position we are in is unreasonable. I also do not think the financial constraints of what we are asking our residents to support are unreasonable. I think this is one of the best approaches we can take.

Mr. Mihalic stated I do not think we need to do this all in one year.

Ms. Incandela stated it is not going to be in one year.

Mr. Mihalic stated right now there are 158 foreclosures in this community. That is almost ¼ of the entire community. What happens if we have more foreclosures?

Ms. Incandela responded I think there will be more foreclosures.

Ms. Palmer stated with that rationale, you need to collect as much money as you can from as many people as you can because you are not going to get it from everybody else.

Mr. Mihalic stated but we are pushing people.

Ms. Incandela stated I do sympathize with the people that are in foreclosure, but I also sympathize with the rest of the community for what they are paying. I have to think about the entire community and the survival of the entire community. I have to think about the other half of the community just as much as I have to think about the other half. The foreclosed homeowners are gone. The people coming in are buying these houses for way below market value. I do not feel bad about them having to pay into this community, because they are going to reap all of the benefits and pay 1/3 less for their house as I paid for mine. So, I do not think it is unreasonable to put these constraints on them.

Mr. McGrath stated the homeowners are going to look at the Board's activities, like the Board looked at the engineering company. We had an Engineer for six years who never requested an increase and then, last Fall they wanted to play catch up by asking for a 35% increase. I remember how I felt. I felt that it was not my fault that they did not request a small increase every year and wanted to make it up all at once. We denied their request.

Ms. Palmer stated the difference is that we told the homeowners every year that we may have a single increase. We had done everything we could to save money in other areas so they did not have to have the increase. We are not trying to play catch up by saying "We have not increased assessments for seven years so we are going to give you a large increase at one time." The only thing I am going to agree with Ms. Incandela on is the fact that the Realtor across the street from me said "I paid \$167,000 for 2,700 square foot home eight years ago and they are now selling them for \$156,000." If they are not paying what we paid, they should pay \$100 more in assessments.

Mr. Mihalic stated I paid \$302,000 for my house and put a huge down payment on it. Right now I owe \$56,000. If I were to lose my house, the bank would get all of that money and throw me out onto the street and they would turn around and sell it for \$150,000 to \$200,000. Do I feel sorry for somebody? Yes, because they paid and paid to the point where there are limits to where they can no longer pay any more and now all of a sudden everything that they paid, they just lost because the bank has the title to their house. Is that fair?

Ms. Palmer asked do you think that the \$10 per month we are asking someone to pay is going to be the difference between them losing their home or keeping their home? I have an acquaintance that has not paid their mortgage in 18 months because the banks are so backlogged on foreclosures and they are still living in that house. It is going to take a lot more than my one year of \$10 increases on their assessment to get to that point.

Mr. Mihalic stated it is \$10 here, \$60 per month on gas and food has gone up. It all adds up.

Ms. Incandela stated you are right. Those are not the people that I do not feel sorry for. I do think a lot of these people are victims, but I do not think the \$100 increase we are going to put on them is going to cause the foreclosures. Many of these homes already in foreclosure are going to be sold at a reduced rate and the people who buy them are going to find out that they are going to have to pay an extra \$100 in their assessments. If it is going to make a difference, it is

going to be an extraordinary low number of cases. I cannot make a decision based on the one or two or five people that are affected over the rest of the homes in this community.

Mr. Mihalic stated let's wait and see what everyone says at the next meeting.

Mr. McGrath stated our business is not to be sympathetic. We are here to keep Brighton Lakes a valuable property.

Ms. Incandela stated with that being said, I look at the fact that Mr. Frawley has asked us to look at a road or the bridge or replace things. We looked at it sympathetically in the past and maybe not like a business and in past years, when the economy was good, maybe we should have imposed increases, knowing the road repairs were coming. Now we are being forced to do something in a downed economy.

Mr. McGrath stated if we were to have a situation where all 750 homeowners came and said "We do not want to raise assessments and increase reserves," my job is not to do what other people feel they want or do not want, but we are here to keep the Board in a business like situation. They did not thank us last year or the year before when we did not have any reserves. We need to get out of this. It has to be done this year.

Mr. Gerry Frawley stated we are talking about \$75,000 per year. \$75,000 times seven years is \$525,000. Did Mr. Smith come back with a price of \$3 million to black top?

Mr. Moyer responded no, \$1 million.

Mr. Mihalic stated that is for the entire community.

Mr. Frawley stated seven years from now we will have \$525,000 if we put every single penny into reserves. At that point, how are you going to make up the rest of the money?

Ms. Palmer stated that is why Ms. Incandela is saying if you can cut \$45,000 off of the budget this year and put \$110,000 into the reserves, next year we would only have to do an increase of \$25 to put \$130,000 into reserves. We can do small increases.

Mr. Frawley stated you are not going to be able to stop this \$100 increase this year and are still going to be short.

Ms. Incandela stated I do not think you can stop the increases based on the projections on what we are going to need for the roads. I look at these finances and have serious concerns. I do not think there is enough with what we are projecting. I think five or ten years from now, we are going to see a problem. When I see \$75,000 in reserves, I know we are going to go through a good amount of that. This is not enough for us to carry over. If I was choosing a number to

increase the assessments by, I would have said \$150, just to cover the basics. I think \$100 is conservative.

Mr. McGrath stated we are not going to be popular. If we need to have a special assessment in three to five years of \$1,000 or \$3,000 per household, so be it.

Ms. Incandela stated I do not think the government is concerned about popularity when they are raising taxes to remain a functioning government.

Mr. McGrath stated if you are talking about \$150, that is only \$75 for last year and \$75 for this year and nothing for prior years. We definitely need to have a program where we build reserves because it is money that is going to be spent and has to be there when it is going to be spent.

Ms. Incandela stated we have done a good job of cutting expenses, but we are not always going to be in a position where we will be able to cut. We are going to be in positions where we are going to spend a lot more than what we were able to cut.

Mr. Moyer stated in this year's budget, if 100 upset people show up, they need to understand that the Board did some good work tonight in being able to identify they could save \$55,000 by running the District more efficiently, which I think we should do anyway. Maybe next year, we can put \$120,000 away.

Ms. Palmer stated and only do nominal increases on top of what you are doing. We have to impose the increase.

Ms. Incandela asked instead of imposing an increase of \$125, can we impose an increase of \$150 next year and the following year?

Ms. Palmer responded maybe next year the increase should only be \$25 or \$50. You are still going to put the money from the \$100 increase into reserves and add another \$50 and still collect another \$120 from reserves or only collect \$100,000 because you had increases in the contracts.

Ms. Incandela stated I still do not think this gets us to the numbers we need for the full replacement.

Ms. Palmer stated I do not think you can do a \$100 increase every year.

Mr. Moyer stated we will at least maintain the \$100 increase, but we may need to collect more due to inflation.

Ms. Incandela stated I am thinking of the amount increasing by \$125, but not the additional increase of another \$125.

Mr. Mihalic asked what do you think Ms. Pieters?

Ms. Pieters responded I feel we should raise the assessment to \$100. I live on a fixed income and it is hard for me to pay more than \$100.

Mr. Moyer stated Mr. Frawley said the monies would be raised in a 15 year period. With \$75,000, we can replace the roads in 15 years. We probably would not do it all at one time anyway. If we have \$500,000 and Phase 1 of the project needs to be done, we will do Phase 1 with the monies we have and hopefully the remaining phases would last another three to four years until we build up some money.

Ms. Palmer stated some of them were done fairly recently, even the ones in the front of the community because they had to install the new drainage and they had to redo a lot of those three to four years ago.

Ms. Incandela stated maybe we will get some extra years out of the estimates for the ones that need to be repaired.

Ms. Palmer stated or do some spot repairs.

Mr. McGrath stated for the payroll, they are getting \$12 an hour for eight hours a day/seven days a week, which adds up to \$34,944 and not \$45,000.

Mr. Moyer stated you need to add 20% for taxes and benefits.

Mr. McGrath stated benefits are Christmas bonuses.

Ms. Fuentes stated it says \$12, but the Board approved to increase the salaries to \$12.50 for each employee.

Mr. Moyer stated we will make this change. These are full-time employees.

Mr. Fuentes stated Joey is, but Marlon is part-time.

Ms. Palmer stated Mr. Frawley sent out an email to everyone saying that Marlon is still a part-time employee. The full-time employee for VillaSol works here for a day while Marlon works a day here and a day at VillaSol. The guy from VillaSol was here before and is familiar with the community. He has not been laid off.

Mr. McGrath stated Osborne is raising their fee by \$5,000.

Ms. Palmer stated that is high.

Ms. Fuentes stated we can re-negotiate.

Mr. McGrath stated we always had the same two people providing the services. Do they have special skills?

Ms. Fuentes responded yes. We re-negotiated the contract for VillaSol because they are going through a crisis right now and they were very helpful. They were willing to lower their amount on a temporary basis until the economy gets better. That is something we can re-negotiate. I will call Osborne to see what prices they can offer.

Mr. McGrath stated the budget for '*R&M-Pools*' last year was \$22,000 for the two companies and is projected to be \$27,000 this year. I am not sure if this is the cost we had to spend to get up to code with these drains. I am also not sure why we have not put out a bid to see if we could get lower prices. You guys have to put what the requirements are.

Ms. Fuentes stated we can do that. We can provide you with some proposals if this is what you choose to do.

Mr. McGrath stated that is my consensus. I do not know what the rest of the Board's pleasure is.

Ms. Palmer stated it does not hurt to look at other pool companies. I think this budget stands with the changes. Anything we saved should go into reserves and we need to send out letters to all of the homeowners. We will not do anything further until we hear from the homeowners to see what they think.

Mr. Moyer stated we will keep the budget where it is and add the \$100 collected from the residents into the reserves. We will send letters to the homeowners and see what happens.

Mr. Frawley stated in regards to lowering '*P/R-Board of Supervisors*', I am the only resident here and if you do this now, you will never put the money back and we will be faced in the future with nobody on the Board. I think this is a bad idea.

Mr. Moyer stated if there are a lot of people and they are really angry, that is one of the things they will go after.

Mr. Mihalic stated the solution is to ask them if they are willing to serve on the Board.

Ms. Incandela stated I think there is a lot of justification for the amount of work done and the time that goes into supporting the community. I think we can leave this alone if the rest of the Board agrees.

Mr. McGrath stated closing the guardhouse saves hundreds of hours.

Ms. Palmer stated if someone complains about it, I do not have a problem addressing it at the meeting.

Ms. Incandela stated if we were facing bankruptcy, I do not think there would be any question. With the situation the way it is, we have no choice but to impose the assessment increase.

Mr. Mihalic stated there are 750 homes here and five people on the Board.

Ms. Incandela stated last night the HOA did not have a meeting because there was no quorum.

Mr. Mihalic stated you always get to see the handful of people coming to these meetings and they are usually the same people.

Ms. Palmer stated I take that as a good sign because when they are here it is usually because they have an issue or problem that they need to bring to the Board's attention.

Mr. Mihalic stated eventually we will have to replace the Board members.

Mr. Frawley stated at some point roads need to be paved and people need to be replaced.

Mr. McGrath asked why does the District incur charges for telephone and long-distance fax service?

Ms. Palmer stated because their offices are not local.

Mr. McGrath stated they can use email.

Mr. Moyer asked how much are we talking about?

Mr. McGrath responded '*Communication-Telephone*' includes the fax machine.

Ms. Palmer asked is '*Communication-Telephone*' for our clubhouse telephones?

Mr. Mihalic responded no.

Mr. Moyer stated we budgeted \$3,500.

Mr. McGrath stated with email and cell phones with long-distance included, we can probably decrease this amount. Who uses a fax machine anymore?

Mr. Moyer responded we will take a look at it. Under '*ProfServ-Special Assessment*', we budgeted \$7,246. We can change this to \$5,000. Severn Trent is taking over the assessment services, for a savings of \$2,200.

Mr. McGrath asked what about '*Printing and Binding*'?

Ms. Palmer responded this was reduced to \$1,500. \$30 every week goes towards 'Printing and Binding' or \$125 per month. What are you printing? Obviously you have letters going out to homeowners.

Mr. Moyer responded even though you receive these agenda packages by email, they still have to go to the County and the Auditor. You are always going to have a 'Printing and Binding' charge and we are very sensitive to keep this amount as low as possible.

Ms. Palmer stated I think we have done a good job of skimming this budget down.

Mr. Moyer stated what we have right now is a bare bones budget.

Mr. McGrath stated we still need to have a budget that makes sense.

Ms. Palmer stated but we also want to have as much in reserves as possible so we need to do this increase, see how the community feels about it and go from there. I would be curious to see how many people show up.

Mr. Mihalic asked can you put something on the envelope that says "Please read" so the homeowners read it and I do not hear about it a month from now?

Ms. Palmer responded if they are interested, they will read it.

Ms. Incandela stated you can put it in flashing neon lights and the people who are involved will read it and the people who are not, will disregard it.

Mr. Mihalic asked does Severn Trent send the letters?

Mr. Moyer responded yes.

Mr. Mihalic asked can we put "Brighton Lakes CDD" on the envelope so they know it is from us?

Mr. Moyer responded I do not want to pay to print 750 envelopes.

Ms. Fuentes stated we can use labels.

Mr. Mihalic stated people are more apt to look at it if it says "Brighton Lakes CDD" rather than Severn Trent.

Ms. Fuentes stated we can put the word "Important" on the envelope or whatever you want.

Ms. Palmer stated if there is a cost to do the labels, I would rather just send the letter. It is not our responsibility to open the letter for them and tell them what is important. The homeowner has a responsibility to know to open their mail and read the contents.

Mr. Mihalic stated that is why I want the envelope to identify the Brighton Lakes CDD. Severn Trent may not mean a lot to half the people who live here.

Ms. Fuentes stated that is fine. We can do it that way.

Mr. McGrath stated lake maintenance is being increased by \$2,725 over last year.

Mr. Moyer stated it is not necessarily that they requested this increase. Those are projections. In most cases, a lot of these are hard contracts, but in some cases, they will add a contingency number.

Mr. Frawley stated I spoke to the individual who does the spraying when he was parked with his boat at the school. He pointed out to me that the ponds were loaded with Hydrilla. He poured powerful chemicals into the ponds. They are trying to do parts of it because the chemicals could kill the wildlife in there. It is growing and getting out of control.

Mr. Mihalic stated Lake Toho is filled with Hydrilla.

Ms. Incandela asked what is Hydrilla?

Mr. Moyer responded it is an aquarium plant that is non-native.

Mr. Frawley stated it comes to the surface and completely overwhelms the pond.

Mr. McGrath stated the only way that the Hydrilla got here is from the people performing the maintenance on the ponds. If the reason for this increase is because of the Hydrilla, maybe they are the ones who caused the problem.

Mr. Mihalic stated you cannot prove that because it is an evasive species.

Ms. Palmer stated birds and other wildlife are probably dragging the Hydrilla into the ponds.

Mr. Mihalic asked what is your point, Mr. Frawley?

Mr. Frawley responded the point is that there needs to be more money spent for lake maintenance. They recommended Grass Carp.

Mr. Moyer stated the cost is \$9 per fish. If we need to do this, we will and there is a formula on how many fish we need to purchase. You do not have that many acres of water.

Mr. Frawley stated he thought we needed 500 fish for that pond because naturally some will not make it so they overstock. It has to be done through a State Engineer and you need a permit. They determine the appropriate number of fish.

Mr. Moyer stated that is correct.

Mr. McGrath stated if the Hydrilla gets out of control, the pond will die because of the lack of oxygen.

Mr. Frawley stated for the most part, if you got the pond down to where it was measurable, the fish would stay there and continue to eat the Hydrilla, but you are never going to be able to get rid of it. This is a continuing problem throughout the State. You were also talking about the flocking of the ponds. I raised this with the builder because they did not flock the back ponds. The process is to drop a chemical into the ponds to drop all of the algae.

Mr. Moyer stated that is expensive. They were accepted by the Water Management District.

Mr. Frawley stated it was my understanding this was part of the agreement of putting this money back to the builder in exchange for them paying for the trees. I asked Mr. Smith about this and he told me this was pretty much a package deal. Everything they had responsibility for is now satisfied.

Mr. Moyer stated correct.

Ms. Palmer asked what is the estimated cost for doing this?

Mr. Frawley responded I think the total amount was \$25,000 for one of the ponds. This is the big pond behind Sweetaspire.

Ms. Incandela stated it is \$25,000 per pond and three ponds need to be done. That is \$75,000 right there.

Mr. Frawley stated that is if you choose to do it. It is more for aesthetic purposes.

Mr. Moyer stated I bet you that those ponds have less Hydrilla.

Mr. Frawley stated one advantage is that we will probably pay less to the guy who is spraying because the sunlight cannot get to the plants.

Ms. Incandela asked are there any environmental issues with respect to leaving them the way they are? Is there any increase in the mosquito population?

Mr. Moyer responded no.

Ms. Incandela stated so the only problem is with the way it looks.

Mr. Frawley stated as far as I know. There is also the ability to grow fish, which then controls the bugs. If you stand by the edge of the water, you will see all of the bugs come up to the surface and fly away and that is when the mosquitoes start attacking.

Ms. Palmer stated so we need to buy some fish.

Mr. Moyer stated I think we have our direction. We will give it a shot and see what the residents say.

Ms. Palmer stated we need to send the letter to the residents. Will you send us a revised budget with these numbers?

Mr. Moyer responded yes.

Mr. McGrath asked are we going to try to get \$100,000 for the reserves this year or \$75,000?

Ms. Incandela responded my opinion is more is better.

Ms. Palmer stated we will start getting every penny we can and go from there.

Mr. Mihalic stated we will leave the assessment at \$107.

Mr. McGrath stated it is fair.

Mr. Mihalic stated I am still against it.

Ms. Palmer stated I do not like it, but we have to do it.

THIRD ORDER OF BUSINESS

Resident Questions/Comments

There not being any, the next item followed.

FOURTH ORDER OF BUSINESS

Adjournment

There being no further business, the meeting was adjourned.

Gary L. Moyer
Secretary

Michelle Incandela
Chairperson

BUDGET CHANGES

- Send out written notices to everyone in Brighton Lakes indicating an assessment increase of \$107.
- Decrease ‘*Gatehouse-Miscellaneous Services*’ by \$12,000.
- Decrease ‘*ProfServ-Engineering*’ from \$8,000 to \$1,500.
- Decrease ‘*ProfServ-Legal Services*’ to \$10,000.
- The Board approved a salary increase from \$12 to \$12.50 per hour for the employees.
- See if ‘*Communication-Telephone*’ can be decreased any further.
- Decrease ‘*ProfServ-Special Assessment*’ from \$7,246 to \$5,000.

Maria Fuentes

1. Find out the amount to move the guard house and build a smaller one. The price should include the wiring and plumbing.
2. Re-negotiate Osborne’s fee.
3. Provide proposals for pool companies.